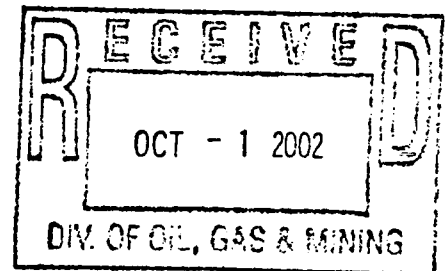


File Number M/047/010
Effective Date Jan 10, 2003
Other Agency File Number _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECLAMATION CONTRACT
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For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/047/010

(Mineral Mined) Gilsonite

"MINE LOCATION":
(Name of Mine) Bonanza Mine Site
(Description) 33 Miles South of Vernal
Uintah County
Utah

"DISTURBED AREA":
(Disturbed Acres) 111.7
(Legal Description) (refer to Attachment "A")

"OPERATOR":
(Company or Name) American Gilsonite Company
(Address) 29950 South Bonanza Hwy
Bonanza, UT 84008
(Phone) 435-789-1921

RECEIVED

SEP 30 2002

DIVISION OF
OIL, GAS AND MINING

"OPERATOR'S REGISTERED AGENT":

Name)

(Address)

(Phone)

Kip Grubaugh

29950 South Bonanza Hwy

Bonanza, UT 84008

435-781-4534

"OPERATOR'S OFFICER(S)":

Pedro de Lizaur, CEO

Earl R White VP Operations

Ted Stevens, VP and General Counsel

SURETY":

(Form of Surety - Attachment B)

Surety Bond, Self Bond & Indemnity

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Travelers Casualty -

Self Bond & Indemnity

"SURETY AMOUNT":

(Escalated Dollars)

\$324,900-Travelers \$189,100 Self Bond

TOTAL \$514,000

"ESCALATION YEAR":

2005

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between American Gilsonite Co. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/047/010 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated 12/5/83, and the original Reclamation Plan dated 12/5/83. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such

reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

American Gilsonite Co.
Operator Name

By Earl R White
Authorized Officer (Typed or Printed)

VP Operations
Authorized Officer - Position

Earl R White 9/26/02
Officer's Signature Date

STATE OF Utah

COUNTY OF Uintah

) ss:

On the 24 day of Sepember, 20 02, EARL R. WHITE
personally appeared before me, who being by me duly sworn did say that he/she is the
VP Operations of American Gilsonite Company and
duly acknowledged that said instrument was signed on behalf of said company by
authority of its bylaws or a resolution of its board of directors and said
Earl R. White duly acknowledged to me that said company executed the same.

Shawna Sfreddo
Notary Public
SHAWNA SFREDDO
29950 South Bonanza Highway
Bonanza, Utah 84008
My Commission Expires
July 1, 2006
State of Utah

Notary Public

Residing at 29950 South Bonanza Hwy Bonanza, UT 84008

7-01-2006
My Commission Expires:

DIVISION OF OIL, GAS AND MINING:

By Lowell P Braxton
Lowell P. Braxton, Director

1/10/03
Date

STATE OF _____)
COUNTY OF _____) ss:

On the 10th day of January, 2003, Lowell P. Braxton personally appeared before me, who being duly sworn did say that he/she, the said Lowell P. Braxton is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she duly acknowledged to me that he/she executed the foregoing document by authority of law on behalf of the State of Utah.



Joelle Burns
Notary Public
Residing at: SLC Utah

April 4, 2005
My Commission Expires:

ATTACHMENT "A"

American Gilsonite Company
Operator

Bonanza
Mine Name

M/047/010
Permit Number

Uintah County, Utah

LEGAL DESCRIPTION

Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 111.7 acres under the approved permit and surety, as reflected on the attached summary sheet dated September 18, 2002:

Disturbed Acreage—Mine Sites

Agreed & Accepted by Earl R. White

American Gilsonite Sites M/047/010 September 18, 2002

Date 1/6/03

Mine or Property	Property	Claim or Lease	Location	Acreage Disturbed	Status
E-15	Pat. Claim	White River 20	T 9 S R 24 E, NW 1/4 Sec 12	1	Inactive
E-14	Pat. Claim	White River 21	T 9 S R 24 E, NW 1/4 Sec 12	1	Inactive
E-27	Pat. Claim	White River 22	T 9 S R 24 E, SE 1/4 Sec 2	1	active
E-28	Pat. Claim	White River 23	T 9 S R 24 E, SE 1/4 Sec 2	1	active--Secondary Escape
E-29	Pat. Claim	White River 23	T 9 S R 24 E, SE 1/4 Sec 2	1	Inactive
E-30	Pat. Claim	White River 24	T 9 S R 24 E, SW 1/4 Sec 2	1	Inactive
E-30W	Pat. Claim	White River 25	T 9 S R 24 E, SW 1/4 Sec 2	0.5	Active escapeway
E-31			T 9 S R 24 E, SW 1/4 Sec 2	0.5	<u>EXW</u> 1/6/03
I-9	Pat. Claim	Rangely Bell	T 9 S R 24 E, SE 1/4 Sec 23	1	Inactive
I-10	Pat. Claim	Rangely Bell	T 9 S R 24 E, SE 1/4 Sec 23	1	Inactive
I-24	Pat. Claim	Big Chief	T 9 S R 24 E, NW 1/4 Sec 23	1	Active
I-18	Pat. Claim	Break of Day	T 9 S R 24 E, NE 1/4 Sec 22	1	Inactive
I-16	Pat. Claim	Triumph	T 9 S R 24 E, SE 1/4 Sec 15	1	Inactive
I-15	Pat. Claim	Cumberland	T 9 S R 24 E, SW 1/4 Sec 15	1	Inactive/Potential Mine
I-30	State Lease	ML-31934	T 9 S R 24 E, SW 1/4 Sec 15	1	Active
I-12	State Lease	ML-851	T 9 S R 24 E, NW 1/4 Sec 16	1	Active
B-28	Fee		T 9 S R 24 E, SW 1/4 Sec 23	1	Active
B-38	Fee		T 9 S R 24 E, SW 1/4 Sec 16	1	Inactive
B-42	Fee		T 9 S R 24 E, SW 1/4 Sec 16	1	Inactive
B-44	Fed. Lease	U-0126940	T 9 S R 24 E, NE 1/4 Sec 17	1	Inactive
B-16	Fee		T 9 S R 24 E, SW 1/4 Sec 23	1	Active
B-12	Pat. Claim	Foothill	T 9 S R 24 E, SE 1/4 Sec 23	1	active--Secondary Escape
WH-4	Fed. Lease	U-060749-A	T 9 S R 24 E, NW 1/4 Sec 35	1	New mine site
LE-10	Fee		T 9 S R 24 E, NE 1/4 Sec 32	1	Active
LE-6	Fed. Lease	U-0126938	T 9 S R 24 E, NW 1/4 Sec 30	1	Inactive/Potential Mine
LE-7	Fed. Lease	U-0126938	T 9 S R 23 E, NE 1/4 Sec 25	0.5	Development 1992--Secondary Escape
B-40	Fee		T 9 S R 24 E, SW 1/4 Sec 16	1	Reclaimed/not Inspected
WH-12	Fed. Lease	U-073071	T 9 S R 24 E, SW 1/4 Sec 27	1	Reclaimed/not Inspected

EXHIBIT

Mine or Property	Property	Claim or Lease	Location	Acreage Disturbed	Status
LE-4	Fee		T 9 S R 24 E, SW 1/4 Sec 30	1	Reclaimed/not Inspected
LE-5	Fed. Lease	U-0126938	T 9 S R 24 E, SW 1/4 Sec 30	1	Reclaimed/not Inspected
LE-19	Pat. Claim	Asteroid	T 9 S R 24 E, SW 1/4 Sec 33	1	Reclaimed/not Inspected
LE-19	Pat. Claim	Alexandria	T 9 S R 24 E, NW 1/4 Sec 33	2	Reclaimed/not Inspected
H-1	Fee		T 11 S R 24 E, NW 1/4 Sec 22	1	Reclaimed/not Inspected
H-2	Fee		T 11 S R 24 E, NW 1/4 Sec 22	1	Reclaimed/not Inspected
H-10	Pat. Claim	Merrimac	T 11 S R 23 E, SW 1/4 Sec 1	1	Reclaimed/not Inspected
R-2	Pat. Claim	Turtle	T 11 S R 24 E, SW 1/4 Sec 24	1	Reclaimed/not Inspected
R-3	Pat. Claim	Tennessee	T 11 S R 24 E, SW 1/4 Sec 24	1	Reclaimed/not Inspected
R-4	Pat. Claim	Tennessee	T 11 S R 24 E, SW 1/4 Sec 24	1	Reclaimed/not Inspected
H-CAMP	Pat. Claim		T 11 S R 24 E, NE 1/4 Sec 22	5.6	Reclaimed/not Inspected
		Disturbed Acreage--Mine Sites	43.1		

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Disturbed Acreage – Townsite, Roads, Plants, and Other Areas

Townsite	General Description	Location	Disturbed Acreage	Area lies in these Sections
1	Residential Area (Houses and Roads)	SE1/4 Sec. 23 T9S R24E	2.3	Sec. 23 T9S R24E
2	Operation Area (buildings, plants, ponds, scales, and boneyard)	SE1/4 Sec. 23 T9S R24E	5.7	Sec. 23 T9S R24E
Roads				
3	County Road to Pump Station	SW1/4 Sec. 16 T9S R25E	1.4	Sec. 16, 17 T9S R25E
4	County Road to Crush Plant	SW1/4 Sec. 15 T9S R25E	0.6	Sec. 15 T9S R25E
5	County Road to Bins at Crush Plant	NW1/4 Sec. 16 T9S R25E	0.8	Sec. 16 T9S R25E
6	Pump Station to Highway 45 along Eureka Vein	NE1/4 Sec. 17 T9S R25E	11.2	Sec. 1, 2, 3, 12, T9S R24E; Sec. 7, 8, 17 T9S R25E
7	Highway 45 to Eureka Vein near E-21	NE1/4 Sec. 23 T9S R24E	5.8	Sec. 12, 13, 23, 24 T9S R24E
8	County Road to I-15 along Independent Vein	SE1/4 Sec. 23 T9S R24E	3.1	Sec. 15, 22, 23 T9S R24E
9	County Road to B-37 Site	NE1/4 Sec. 20 T9S R24E	2.5	Sec. 16, 17, 20 T9S R24E
10	County Road to B-42	SW1/4 Sec. 16 T9S R24E	1.4	Sec. 16 T9S R24E
11	B-42 to B-50	Sec. 17 T9S R24E	2	Sec. 17 T9S R24E
12	County Road to LE-5	SE1/4 Sec. 30 T9S R24E	1.1	Sec. 30 T9S R24E
13	County Road to WH-12	NE1/4 Sec. 27 T9S R24E	2.3	Sec. 27 T9S R24E
14	County Road to Harrison Camp	SE1/4 Sec. 15 T11S R24E	3.7	Sec. 15, 22 T11S R24E
15	County Road to H-10	SW1/4 Sec. 6 T11S R24E	2.8	Sec. 1 T11S R23E; Sec. 6 T11S R24E
16	Harrison Camp to H-2 along Harrison Vein	NE1/4 Sec. 22 T11S R24E	2.1	Sec. 22 T11S R24E
17	County Road to PW-4	NW1/4 Sec. 16 T11S R24E	1.5	Sec. 9, 16 T11S R24E
18	County Road to R-1	SW1/4 Sec. 24 T11S R24E	0.7	Sec. 24, 25 T11S R24E
Plant and Other Areas				
19	Pump Station and Ponds	NE1/4 Sec. 17 T9S R25E	3.8	Sec. 17 T9S R25E

	General Description	Location	Disturbed Acreage	Area Lies in These Sections
20	Crush Plant Area	NW1/4 Sec. 16 T9S R25E	0.8	Sec. 16 T9S R25E
21	Solar Pad Area	SW1/4 Sec. 16 T9S R25E	0.5	Sec. 16 T9S R25E
22	Reservoir	SW1/4 Sec. 16 T9S R25E	2.3	Sec. 16 T9S R25E
23	Explosives Magazine and Access	SW1/4 Sec. 24 T9S R24E	1.1	Sec. 24 T9S R24E
24	River Pump Station and Wells	SE1/4 Sec. 2 T10S R 24 E	7	Sec. 2 T10S R 24 E
25	E-21 Landfill	NW1/4 Sec. 7 T9S R24E	2.1	Sec. 7 T9S R24E
	Disturbed Acreage--Townsite, Roads, Plants and Other Areas		68.6	
		Disturbed Acreage--Mine Sites	43.1	
		Grand Total Disturbed Acreage	111.7	

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